

Findings and Recommendations Security Deposit/Risk Pool Workgroup

The Security Deposit/Risk Pool Workgroup convened to develop alternatives to security deposits such as a risk pool or deposit guarantee. The committee recommends two guarantee programs, one for security deposits and one for landlords. These programs are separate and distinct.

Security Deposit Guarantee: Landlords receive a security deposit in the form of a guarantee.

- Participants must meet income eligibility (50% median or less of area medium income as defined by the Department of Housing and Urban Development) and sustainability criteria.
- A move in inspection check list is submitted signed by both the tenant and landlord.
- Participants can opt to enroll in a savings plan to pay back the guarantee allowing them to have their own deposit when they move to their next apartment.
- Target savings and match programs (such as Individual Development Accounts) to persons in transitional housing. Participants pay a small percentage of income into escrow each month while completing mandatory financial education, and improving their credit, if needed. Upon completion, savings could be matched if used for permanent housing costs such as rent, utility deposits or furniture.
- When the tenant moves out, landlord makes a claim for any damages or unpaid rent. Landlord submits a one page form for the claim as well as copies of receipts, bills, tenant ledgers etc. Housing providers submit a standardized list of their expenses, labor rates etc. prior to joining the program. Landlord has 14 days to submit a claim and send a copy of the claim to the tenant. Vermont law (VSA Title 9, Chapter 137, Section 4661) states that:

A security deposit is any advance, deposit or prepaid rent, however named, which is refundable to the tenant at the termination or expiration of the tenancy. The function of a security deposit is to secure the performance of a tenant's obligation to pay rent and to maintain a dwelling unit. A Landlord shall return the security deposit along with a written statement itemizing any deductions to a tenant within 14 days from the date on which the landlord discovers that the tenant has vacated or abandoned the dwelling unit, or the date the tenant vacated the dwelling unit provided the landlord received notice from the tenant of that date.

Renting Successfully Landlord Guarantee: The Landlord Guarantee is an incentive for housing providers to take a risk on potential tenants who may not meet the usual screening criteria.

- An 8 hour renter education curriculum will be required. The curriculum will be developed by Vermont Tenants Inc. and stakeholders representing housing providers, landlords, social service providers and consumers.
- Completion of the 8 hour class will allow a participant to register as a Renting Successfully Graduate.
- Renting Successfully Graduates commit to work with a case manager for 12 months. Case managers will be notified of any housing problems and receive copies of any notice of late rental payments sent to tenant. Case managers will commit to a check in with housing provider on a monthly basis.
- Landlords who choose to rent to a Renting Successfully Graduate will be eligible to make a reservation up to \$3,000 on the State funded guarantee for 12 months.
- A move in inspection is submitted signed by both the tenant and the landlord.
- The Landlord Guarantee cannot pay for fees to keep the tenant in housing (back rent) nor does it cover the security deposit.
- Participants must meet income eligibility (50% median or less of area medium income as defined by the Department of Housing and Urban Development) and sustainability criteria.
- When the tenant moves out, landlord makes a claim for any unpaid rent, damages or reasonable and legitimate costs related to eviction including legal fees in excess of the Security Deposit. Landlord submits a one page form for the claim as well as copies of receipts, bills, tenant ledgers etc. Housing providers submit a standardized list of their expenses, labor rates etc. prior to joining the program.